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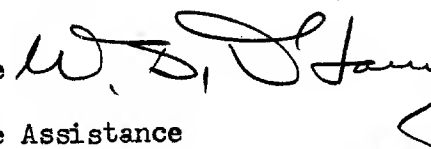
EDAC D-143/1

February 19, 1958

ECONOMIC DEFENSE ADVISORY COMMITTEE

MEMORANDUM

To: Members, Economic Defense Advisory Committee

From: W. S. DeLany, Chairman
Economic Defense Advisory Committee 

Subject: Applicability of the Mutual Defense Assistance
Control Act to Certain Transactions of the Export-Import Bank

In further reference to questions raised by the Export-Import Bank regarding the applicability of the Battle Act, there is attached for your information a copy of a letter from the Bank to the OCB dated November 19 and my reply to this letter dated February 19. There is also attached a memorandum to me dated February 14 from the Office of the Legal Adviser of the Department of State which explains fully the types of loans which would come up for consideration under section 104(e) (Cooley Amendment) of P. L. 480. Certain described loans would be considered "assistance" under the Battle Act and others, for reasons given, would not be considered as furnishing assistance to other countries and, therefore, would not be covered by the Battle Act.

Attachments

Distribution:

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EXPORT-IMPORT BANK OF WASHINGTON

Washington 25, D. C.

November 19, 1957

Mr. Elmer B. Staats
Executive Officer
Operations Coordinating Board
Executive Office Building
Washington 25, D. C.

Dear Mr. Staats:

Section 104(e), known as the "Cooley Amendment," of the Agricultural Trade Development and Assistance Act of 1954, as amended, provides for loans by the Export-Import Bank of portions of the foreign currencies which accrue to the United States under this title. Such loans may be made to "United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries." Loans also may be made to "domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products."

There is presently under active consideration in the Interagency Staff Committee on Agricultural Surplus Disposal a proposed sales contract for Finland. The Bank, as is customary in these cases, has requested that 25% of the proceeds of any sale to Finland during this fiscal year be set aside for loans by the Bank pursuant to Section 104(e).

Objection to this request has been raised by another member of that Committee, however, on the ground that Section 104(e) loans would be barred because of the provisions of the Mutual Defense Assistance Control Act of 1951. Inasmuch as the Bank previously had understood that the provisions of the so-called "Battle Act" had been interpreted as permitting dollar loans by the Bank under the Export-Import Bank Act of 1945 to privately owned entities in Finland, the Bank now wishes to obtain an authoritative decision on this point.

It would be appreciated, therefore, if the Board will advise the Bank whether it perceives objection to consideration by the Bank of loans to privately owned entities in Finland, either under the provisions of the Export-Import Bank Act of 1945, as amended, or Section 104(e) (Cooley Amendment) of the Agricultural Trade Development and Assistance Act of 1954, as amended.

Very truly yours,